

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>DTE ELECTRIC COMPANY</b>	)	
for reconciliation of its transitional reconciliation	)	
mechanism associated with the disposition of the	)	Case No. U-18251
City of Detroit Public Lighting System for the period	)	
of January 1, 2016, through December 31, 2016.	)	
_____	)	

At the October 25, 2017 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING FIRST AMENDED SETTLEMENT AGREEMENT**

On March 28, 2017, DTE Electric Company (DTE Electric) filed an application, with supporting testimony and exhibits, seeking approval of its annual transitional reconciliation mechanism (TRM) reconciliation associated with the disposition of the Detroit Public Lighting System for the period ending December 31, 2016, as required pursuant to the Commission's May 13, 2014 order in Case No. U-17437.

A prehearing conference was held on May 16, 2017, before Administrative Law Judge Dennis W. Mack (ALJ). DTE Electric, the Association of Businesses Advocating Tariff Equity (ABATE), and the Commission Staff participated in the proceeding, with the ALJ granting intervention to ABATE.

On August 24, 2017, the parties filed a settlement agreement proposing to settle all issues in the case. However, upon initial review of the settlement agreement, an error was discovered requiring the parties to revisit the agreement. Subsequently, on October 18, 2017, the parties submitted a first amended settlement agreement for Commission approval.

The Commission has reviewed the first amended settlement agreement, and finds that the public interest is adequately represented by the parties who entered into the first amended settlement agreement. The Commission further finds that the first amended settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The first amended settlement agreement, attached as Exhibit A, is approved.
- B. DTE Electric Company's reconciliation of its net revenue requirement plus carrying charges in the amount of \$30,445,479 is approved.
- C. DTE Electric Company is authorized to implement a transitional reconciliation mechanism surcharge of \$0.001356 per kilowatt-hour applicable to all customers on a bills rendered basis for a six-month recovery period beginning November 1, 2017.
- D. Prior to the effective date of the surcharge authorized in this order, DTE Electric Company shall file tariff sheets with the Commission substantially similar to those contained in Exhibit B, attached to this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General - Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of October 25, 2017.

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Kavita Kale, Executive Secretary

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the Matter of the Application of	)	
<b>DTE ELECTRIC COMPANY</b> for	)	
Reconciliation of its Transitional	)	
Reconciliation Mechanism associated with the	)	Case No. U-18251
Disposition of the City of Detroit Public	)	
Lighting System for the Period of	)	
<u>January 1, 2016 through December 31, 2016</u>	)	

**FIRST AMENDED SETTLEMENT AGREEMENT**

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and R 792.10431 (“Rule 431”) of the Michigan Public Service Commission’s (“MPSC” or “Commission”) Rules of Practice and Procedure, and supported by the Commission’s own policy encouraging settlement of contested issues, DTE Electric Company (“DTE Electric” or “the Company”), the Association of Businesses Advocating Tariff Equity (“ABATE”), and the Commission Staff (“Staff”) (hereinafter collectively referred to as the “Parties”) have resolved through settlement discussions all issues before the Commission in the above-captioned case and agree as follows:

1. In MPSC Case No. U-17427, the Commission issued its order dated July 11, 2013 (“U-17427 Order”), authorizing DTE Electric to defer for accounting purposes the net incremental revenue requirement associated with the transition of the City of Detroit Public Lighting Department (“PLD”) electric distribution business and transfer of PLD customers to DTE Electric.
2. In MPSC Case No. U-17437, the Commission issued its order dated May 13, 2014 (“U-17437 Order”), approving DTE Electric’s TRM plan for recovery of the deferred costs that were the subject of the U-17427 Order.

3. On March 28, 2017, DTE Electric filed its Application in this proceeding for the 2016 reconciliation of the TRM pursuant to the U-17437 Order, which directed the Company to file its first reconciliation proceeding on March 31 of the year after the customer conversion date occurs and annually thereafter until the transition is completed along with supporting testimony and exhibits of Philip W. Dennis, Susan L. Manauis, Kenneth L. Slater, and Karen R. Whitman.

4. On May 15, 2017, DTE Electric filed proofs of service and affidavits of publication indicating that the Company served and published a notice of hearing pursuant to instructions issued by the Commission's Executive Secretary.

5. On May 16, 2017, Administrative Law Judge ("ALJ") Dennis W. Mack conducted a prehearing conference. Only DTE Electric, ABATE, and Staff appeared by and through counsel and were granted party status in the proceeding. The ALJ approved a consensus schedule for future actions and proceedings.

6. In lieu of further contested case actions, the Parties agree to settle this case according to the following terms and conditions pursuant to MCL 24.278(2).

7. The Parties agree that for the 12-month period of January 1, 2016 through December 31, 2016, DTE Electric incurred a net revenue requirement plus carrying charges (or total 2016 TRM under-recovery) in the amount of \$30,445,479 for costs associated only with the transition of PLD electric distribution business and transfer of PLD customers to DTE Electric.

8. Attachment 1, Column (d), line 1, provides an illustrative calculation of DTE Electric's proposed TRM surcharge of \$0.001356/kwh to be applicable to all customers on a bills rendered basis. This calculation assumes a projected six month recovery period from November 1, 2017 through April 30, 2018 and is based on the net revenue requirement plus carrying charges

(or total 2016 TRM under-recovery balance) divided by the service area sales forecast for the recovery period.

9. The Parties request that the Commission enter an order approving DTE Electric's reconciliation of its net revenue requirement plus carrying charges (or total 2016 TRM under-recovery balance) in the amount of \$30,445,479.

10. The Parties further request that the Commission authorize and approve implementation of a TRM surcharge of \$0.001356/kwh (see Attachment 1 for illustrative Tariff Sheet) to be applicable to all customers on a bills rendered basis beginning on November 1, 2017 for a six month period.

11. This first amended settlement agreement ("Settlement Agreement") is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to this settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the Settlement Agreement and the order approving it.

12. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement, then this Settlement Agreement shall be deemed to be withdrawn, and shall not constitute any part of

the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

13. This Settlement Agreement is reasonable and in the public interest, and will reduce the time and expense of the Commission, its Staff, and the Parties.

14. The Parties agree to waive Section 81 of 1969 PA 306 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

15. This Settlement Agreement may be executed in any number of counterparts, each considered an original, and all counterparts that are executed shall have the same effect as if they were the same instrument.

IN WITNESS WHEREOF, the parties have caused this Settlement Agreement to be duly executed by their respective duly authorized officers as of the date first above written.

**DTE ELECTRIC COMPANY**

By: David S. Maquera  
Print: David S. Maquera  
Its: Attorney

Digitally signed by David S. Maquera  
DN: cn=David S. Maquera, o=DTE Energy,  
ou=General Counsel Organization,  
email=david.maquera@dteenergy.com,  
c=US  
Date: 2017.10.18 16:42:34 -0400'

Dated: October 18, 2017

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF**

By: Meredith R. Beidler  
Print: \_\_\_\_\_  
Its: \_\_\_\_\_

Digitally signed by Meredith R. Beidler  
DN: cn=Meredith R. Beidler, o=Public Service  
Division, ou=Attorney General Dept.,  
email=beidlerm@Michigan.gov, c=US  
Date: 2017.10.12 12:04:48 -0400'

Dated: October 12, 2017

**ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY**

By: Sean P. Gallagher  
Print: \_\_\_\_\_  
Its: \_\_\_\_\_

Digitally signed by: Sean P. Gallagher  
DN: CN = Sean P. Gallagher C = US  
O = Clark Hill PLC  
Date: 2017.10.18 14:12:39 -0500'

Dated: October 18, 2017



# **ATTACHMENT 1**

**Michigan Public Service Commission**  
**DTE Electric Company**  
**TRM - 2016 Reconciliation**  
**Transitional Reconciliation Mechanism Surcharge Calculation**

Case No.: U-18251  
 Exhibit: A-14 Settlement  
 Witness: P. W. Dennis  
 Page: 1 of 1

ILLUSTRATIVE EXAMPLE
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	(a)	(b)	(c)	(d)
Line No	Collection Year	Total TRM (1) \$(000)	2017 & 2018 Service Area Sales Forecast (GWh) (2)	TRM (Cr.) / Surchg (\$/kwh)
1	2017 & 2018	30,445	22,451	\$0.001356

(1) From Witness Slater's Exhibit A-8.1, column (b), line 19

(2) Monthly sales forecast supporting 2017 PSCR Filing. Sales shown in column (c) represent a 6 month collection period covering the November and December 2017 and January to April 2018 billing periods.

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(Continued from Sheet No. C-68.00)**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE (Contd.)****C9.7.7 HOLD FOR FUTURE USE****C9.7.8 HOLD FOR FUTURE USE****C9.7.9 Low Income Energy Assistance Fund (LIEAF) Factor**

On July 1, 2013, Public Act 95 of 2013 was signed into law, creating the Low Income Energy Assistance Fund (LIEAF). Money from the LIEAF will be distributed by the Department of Human Services as provided in the Michigan Energy Assistance Act, 2012 PA 615.

The Low Income Energy Assistance Fund (LIEAF) Factor is a monthly per meter change for all customers receiving retail distribution service from a participating Michigan electric utility. DTE Electric Company is participating, and the LIEAF Factor effective beginning with the September 2017 billing month is \$0.93. For residential customers, the LIEAF Factor will only apply to one meter per site.

**C9.7.10 HOLD FOR FUTURE USE****C9.7.11 U-18014 Implementation Surcharge (U-18014 IS)**

Pursuant to Public Act 286 of 2008, Section 6a, electric utilities may implement up to the amount of their proposed annual rate increase prior to the MPSC issuing a final order. The Company self-implemented a rate increase of approximately \$245 million to be collected from all customer classes, effective for service rendered on and after August 1, 2016.

**C9.7.12 Transitional Recovery Mechanism (TRM)**

On XXXXXXXX, 2017, the MPSC issued an order in Case No. U-18251 authorizing the implementation of the Transitional Recovery Mechanism (TRM) surcharge. This case is the annual reconciliation of the incremental revenues and costs associated with attaching former City of Detroit Public Lighting Department customers to DTE Electric's distribution system. The TRM surcharge of ***\$0.001356*** per Kilowatthour will be effective on a bills rendered basis ***for a 6 month period beginning November 1, 2017.***

(Continued on Sheet No. C-70.00)

(Continued from Sheet No. C-69.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**C9.8 Summary of Surcharges and Credits:** Summary of surcharges and credits, pursuant to sub-rules C9.1, C9.2, C9.6, C9.7.9, C9.7.10, and C9.7.11 of this rule. Cents per kilowatthour or percent of base bill, unless otherwise noted.

	<u>NS</u> ¢/kWh	<u>EOS(1)</u> ¢/kWh	<u>TRM</u> ¢/kWh	<u>Total Delivery</u> <u>Surcharges</u> ¢/kWh	<u>LIEAF Factor</u> \$/Billing Meter
<b>Residential</b>					
D1 Residential	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	\$0.93
D1.1 Int. Space	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	N/A
D1.2 Time of Day	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	\$0.93
D1.6 Special Low Income	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	\$0.93
D1.7 Geothermal Time-of-	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	N/A
D1.8 Dynamic Peak Pricing	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	\$0.93
D1.9 Electric Vehicle	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	N/A
D2 Space Heating	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	\$0.93
D5 Wtr Htg	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	N/A
D9 Outdoor Lighting	0.0728	0.3390	<i>0.1356</i>	<i>0.5474¢</i>	N/A
<b>Commercial</b>					
D1.1 Int. Space	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D1.7 Geothermal Time -of-	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D1.8 Dynamic Peak Pricing	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D1.9 Electric Vehicle	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D3 General Service	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D3.1 Unmetered	0.0728	See C9.6	<i>0.1356</i>		N/A
D3.2 Educ. Inst.	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D3.3 Interruptible	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D4 Large General Service	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D5 Wtr Htg	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D9 Outdoor Lighting	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R3 Standby Secondary	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R7 Greenhouse Lighting	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R8 Space Conditioning	0.0728	See C9.6	<i>0.1356</i>		\$0.93
<b>Industrial</b>					
D6.2 Educ. Inst.	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D8 Interruptible Primary	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D10 Schools	0.0728	See C9.6	<i>0.1356</i>		\$0.93
D11 Primary Supply	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R1.1 Metal Melting	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R1.2 Electric Process	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R3 Standby Primary	0.0728	See C9.6	<i>0.1356</i>		\$0.93
R10 Interruptible Supply	0.0728	See C9.6	<i>0.1356</i>		\$0.93

(Continued on Sheet No. C-71.00)

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(Continued from Sheet No. C-70.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**C9.8 Summary of Surcharges and Credits (Contd.):**

	<u>NS</u> ¢/kWh	<u>EOS(1)</u> ¢/kWh	<u>TRM</u> ¢/kWh	<u>LIEAF Factor</u> \$/Billing Meter
<b>Governmental</b>				
E1	0.0728	See C9.6	<i>0.1356</i>	N/A
E1.1 Energy	0.0728	See C9.6	<i>0.1356</i>	\$0.93
E2 Traffic	0.0728	See C9.6	<i>0.1356</i>	N/A
<b>Electric</b>				
EC2 Secondary	0.0728	See C9.6	<i>0.1356</i>	\$0.93
EC2 Primary	0.0728	See C9.6	<i>0.1356</i>	\$0.93
EC2	0.0728	0.3390	<i>0.1356</i>	\$0.93

(Continued on Sheet No. C-72.00)